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City and County of San Francisco



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**BUDGET STATEMENT TO THE BOARD OF SUPERVISORS
ON BEHALF OF THE BUDGET COMMITTEE**

**BY SUPERVISOR TOM HSIEH
CHAIR OF THE BUDGET COMMITTEE**

July 11, 1994

The Budget Committee, consisting of President Angela Alioto, Vice-Chair, Supervisor Sue Bierman and the undersigned, present to the Board of Supervisors its recommended budget for the City and County of San Francisco for Fiscal Year 1994-95. The budget as presented today contains a \$10 million General Fund Reserve and a \$1.6 million surplus.

GENERAL FUND REVENUE SHORTFALL

The City was faced with a General Fund revenue shortfall, amounting to an estimated \$98.9 million, as the 1994-95 budget development process began. This projected shortfall was addressed by the Mayor through a combination of increased revenues and decreased expenditures, and the Mayor's recommended budget was submitted to the Board of Supervisors on June 1, 1994. The Mayor's recommended budget also provided for increased hiring of uniformed Police Officers in order to meet the anticipated mandates of Proposition D, which requires a full staffing level of 1,971 Police Officers by June, 1995.



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However, within days of the Mayor's budget submission, the budget was no longer in balance because voters also approved Proposition E, the Library Preservation Fund Charter Amendment. Under Proposition E, the Controller initially estimated that the City was required to appropriate an additional \$13.9 million for the Library. The Budget Committee noted that the Mayor's recommended budget, upon submission to the Board of Supervisors, had not provided for a contingency plan to address that \$13.9 million shortfall for the Library.

As discussed in more detail below, at the specific urging of the Budget Committee, the Mayor agreed to cooperate and work with the Committee in order to formulate a plan to address various existing budgetary shortfalls, including the Library shortfall, for purposes of fully balancing the City's Fiscal Year 1994-95 budget. The estimated shortfall is \$20.9 million, excluding most of the impact of the State budget.

ZERO-BASE BUDGET ANALYSIS

Our job of attempting to further cut the Mayor's recommended budget for Fiscal Year 1994-95 was unusually difficult because of the reductions already made in the budget. In that regard, I had previously initiated, with the support of the Budget Committee, the Board of Supervisors, and the Mayor, the undertaking of a Zero-Base Budget Analysis by our Budget Analyst. That analysis, which I oversaw, was accomplished with the cooperation of the Mayor and the Mayor's Budget Director, was extremely successful. As a result, the Mayor accepted an estimated \$15.9 million of the Budget Analyst's Zero-Base recommended budget reductions. Those recommendations were implemented in the Mayor's recommended Fiscal Year 1994-95 budget submitted to the Board of Supervisors on June 1. Thus, as I previously indicated, cutting the budget even further, without impacting service levels, was very difficult.

The Zero-Base Budget Analysis represents a new approach to budgeting in San Francisco. All major General Fund departments were evaluated not only on an expenditure and revenue basis, but also on a programmatic basis. I strongly believe that this approach allows for improved budget decision-making in that the relationship between costs and outcomes can be more readily assessed. It is my intention to have such a Zero-Base Budget Analysis conducted each year. The results of the analysis accomplished this year speak for themselves.

OVERALL RESULTS OF THE COMMITTEE'S BUDGET REVIEW

The Committee has meticulously examined every line item expenditure contained in the Mayor's recommended budget in order to identify expenditures which could be reduced without reducing any services. Cuts which the Committee made can be used to reduce the aforementioned shortfall which totals \$21.0 million.

The budget submitted by the Budget Committee includes total reductions of approximately \$14.1 million (excluding reductions made to the budget of the Redevelopment Agency) from the budget submitted by the Mayor.

Of the \$14.1 million in net budget reductions, approximately \$5.4 million, including a capital improvement project reductions of \$1.5 million, is from General Fund appropriations. Additionally, the budget, as recommended by the Budget Committee, includes reserves on appropriations of approximately \$7.4 million. These reserves will be released, and expenditures allowed, only after further information is submitted to the Committee.

Also, the Committee has identified funds to maintain programs that were not included in the Mayor's original budget. The Committee restored programs such as the Center for Special Problems for six months of operation. This program treats over 350 violent offenders per year. The Committee concurs with

plans of the Department of Public Health to sustain continued operation of the Southeast and Potrero Hill Health Centers' preventive and acute dental services to approximately 1,900 children and adults for one month, and the continuation for one month of operations for Community Substance Abuse programs, while additional funding is sought from Federal sources.

PLAN TO RESOLVE BUDGETARY SHORTFALL

Initially the Mayor had submitted a list of options, to address the \$20.9 million in budgetary shortfalls, which primarily consisted of further budget and related service level reductions such as a \$6.1 million cut to Adult Mental Health services and a reduction of \$6.0 million in General Assistance payments. However, the Committee has recommended a specific plan, including revenue measures, to resolve the expected budgetary shortfall of \$20.9 million without including the Mental Health cuts or a General Assistance payment reduction. This \$20.9 million shortfall represents the amount of funds which we know that we need at this time.

In order to address the budgetary shortfall of \$20.9 million as identified by the Committee, the Committee recommends additional revenue by increasing the Real Property Transfer Tax from \$5.00 to \$10.00 per thousand for properties over \$250,000, which will produce \$9.6 million in 1994-95, and increased Parking Fines for street cleaning and parking meter violations (from \$20 to \$25 per violation) to generate an additional \$2.6 million. The Committee is hopeful that the Mayor will in fact cooperate with the Committee in order to implement any revenue measures necessary to balance the City's Fiscal Year 1994-95 budget, without further jeopardizing the level of services provided to our citizens.

Additionally, the Committee recommends a reduction in Capital Appropriations of \$1.5 million, which will be partially offset by increased

Community Development Block Grant (CDBG) funding for American's With Disability Act (ADA) projects. Also, we recommend that the San Francisco Housing Authority provide a 1994-95 Payment in Lieu of Taxes (PILOT) to the General Fund of \$600,000. The Committee is continuing its deliberations on this matter with the San Francisco Housing Authority on its outstanding PILOT payments owed to the City from previous years.

Through the outstanding work of the Controller, it was determined that the text of Proposition E, regarding the baseline funding requirement for the Library, is indexed to 1992-93 General Fund appropriations. Due to actual reductions in the level of General Fund appropriations since 1992-93, primarily because of State mandated shifts of property tax revenue to School Districts, the Controller has determined that the baseline Library funding requirement has been reduced from an expected 1994-95 level of approximately \$21.0 million to \$17.0 million. This reduction in the baseline requirement results in a \$4.0 million General Fund savings.

Lastly, as previously noted, the Committee has identified approximately \$5.4 million in General Fund reductions, including \$3.9 million recommended by the Budget Analyst, that can be applied to the estimated shortfall. The table below summarizes the items that comprise the \$20.9 million shortfall and the Committee's proposed sources of funding to overcome the funding gap.

Budget Committee's Plan to Balance the 1994-95 Budget

	Funding Gap (<u>Shortfall</u>)		Sources of Funds to Overcome <u>Shortfall</u>
Proposition E	\$13.9	Increase Real Property Transfer Tax	\$9.7
Funding for CalTrain Joint Powers Authority *	3.1	Increase Parking Fines	2.7
Restoration of General Fund Reserve to \$10 million *	1.4	Reduce Capital Appropriations	1.5
Muni - State Transit Assistance Reduction	2.0	Housing Authority * Payment in Lieu of Taxes (PILOT) 1994-95	0.6
Mayor's Budget Adjustments to fund Clerical Errors	<u>0.5</u>	Proposition E - Library Baseline Budget Reduction	4.0
		General Fund Reductions Recommended by the Budget Committee	<u>4.0</u>
Total Shortfall	\$20.9	Total Recommended Sources	\$22.5

* These items are discussed further in subsequent sections of this budget message.

The Committee's plan would result in a surplus of an estimated \$1.6 million which would be maintained, pending final determination of the impact of the State budget on San Francisco's budget.

The Committee is submitting its recommended budget, including the measures outlined above to bridge the present funding gap, to the Board of Supervisors for consideration on July 18th and adoption on July 25th. Pursuant to the Administrative Code, the Board shall adopt a budget no later than July 26.

The final State budget will impact San Francisco. The impact will primarily affect State-funded health programs. This State cut is tentatively estimated to be approximately \$14.0 million. The Committee is very concerned about the severe impact this cut could have on health-related services and recognizes that further action may be necessary when the precise impacts of the final State budget are known. In the next few days, the Committee stands ready to work with the Mayor, each member of the Board of Supervisors and the Department of Public Health to minimize the effect these State cuts will have on our people.

COMPARATIVE BUDGET DATA

The 1993-94 budget, as finally adopted by the Mayor and the Board of Supervisors, was \$2.736 billion. The 1994-95 budget of \$2.784 billion (including budget adjustments) recommended by the Mayor results in an increase of approximately \$48 million from the finally adopted 1993-94 budget. The recommendations of the Budget Committee for the 1994-95 City and County budget are summarized as follows:

Mayor's Recommended Adjusted 1994-95 Budget	
Excluding Reserves	\$2,784,000,000
Budget Committee's Recommended Reductions	
(net of Redevelopment Agency reductions)	<u>(14,000,000)</u>
Budget Committee's Recommended 1994-95 Budget	\$2,770,000,000

Specific recommended reductions of the Budget Committee have been provided separately to the Board of Supervisors. The effect of these recommendations on each City and County department's budget is shown in the Attachment to this report.

GENERAL FUND RESERVE

In order to maintain the City's fiscal stability, the Committee believes it is essential to have a prudent General Fund reserve. The Committee is forwarding to the Board a General Fund Reserve of \$10 million. The Mayor's recommended 1994-95 budget, as originally transmitted to the Board of Supervisors, contained a General Fund Reserve of \$8.6 million. The Mayor was counting on the Budget Committee to make additional budgetary reductions in order to bring this General Fund Reserve up to \$10 million. The Budget Committee accomplished this preferred level through its plan to overcome the present \$20.9 million funding gap.

UNDERBUDGETED EXPENDITURES

In addition to the revenue shortfalls previously noted, the Budget Analyst has estimated that the Mayor's budget, as submitted, would result in an estimated \$5.0 million of underbudgeted expenditures as follows:

	Amount (in millions)
<u>Underbudgeted Expenditures</u>	
City's Share of CalTrain operating expenses per Peninsula Corridor Joint Powers Agreement (see comments on Municipal Railway)	\$3.1
General Fund Workers Compensation	<u>1.9</u>
Total - Underbudgeted Expenditures	\$5.0

BUDGETED POSITIONS

The Mayor's recommended 1994-95 budget includes 23,398 funded permanent positions or 151 more positions than the 23,247 funded positions shown in the revised 1993-94 budget approved by the Mayor and the Board of Supervisors.

The Controller has revised the method of counting positions for the budget presentation by making adjustments for salary savings (which decrease the level of funded positions) and temporary salary appropriations (which increase the number of funded positions).

This increase of 151 positions City wide includes an increase of 77 General Fund and General Fund supported positions. This increase can be explained by increased staffing in the Police Department alone. According to the proposed budget, the number of funded positions in the Police Department has grown by 157. Therefore, if the Police Department were not included, there would be a net decrease of 80 General Fund and General Fund supported positions. Others include revenue generating positions, such as those in the Tax Collector's and Assessor's departments (see page 21).

The table below summarizes the budget position count data provided by the Controller.

	Revised 1993-94 <u>Budget</u>	Mayor's 1994-95 <u>Budget</u>	Increase from Revised <u>1993-94</u>
General Fund and General Fund Supported Departments	18,560	18,637	77
Special Revenue and Enterprise Fund Departments	<u>4,687</u>	<u>4,761</u>	<u>74</u>
Total City and County	23,247	23,398	151

Departmental Comments

A summary of the highlights and major amendments to the Mayor's recommended 1994-95 budget by the Budget Committee is as follows:

COMMUNITY HEALTH SERVICES (CHS)

The proposed 1994-95 budget for Community Health Services of \$198,328,974 is approximately \$17.6 million or 9.7 percent greater than the 1993-94 revised budget of \$180,745,563 including recurring grants of approximately \$71.0 million. Although the total Community Health Services budget increased by 9.7 percent, the net General Fund cost of Community Health Services decreased by approximately \$4.5 million, from \$38,281,581 in FY 1993-94 to \$33,738,120 in FY 1994-95.

The major service impacts as a result of these reductions are (1) elimination of dental services at Southeast and Potrero Hill Health Centers affecting approximately 1,900 children and adults, (2) elimination of Public Health Nursing services to approximately 618 adult and child clients, and (3) reduction in funding of \$220,000 for various AIDS related services provided by community based organizations. DPH reports that it has identified \$35,500 to fund one month of dental services at the two clinics.

The Budget Committee recommends total reductions in this budget of \$116,464. Further, the Committee, as previously noted, concurs with plans by the Department to sustain one month's continued operation of the Southeast and Potrero Hill Health Centers' preventive and acute dental services to approximately 1,900 children and adults pending identification of additional potential funding sources.

COMMUNITY MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES **(CMHSAS)**

The net General Fund cost of Community Health and Substance Abuse Services has increased by approximately \$3.5 million, from \$45,612,676 to \$49,103,840 which is primarily attributable to (1) \$2.2 million in Forensic Services to fund six months of medical and psychiatric services at the new jail, (2) approximately \$3.5 million associated with transferring the Family Mosaic Project to Mental Health's budget from Community Public Health Services, and (3) \$853,429 associated with transferring Conservatorship Services from Community Health Services to Community Mental Health's budget.

Community Mental Health and Substance Abuse Service's budget includes expenditure decreases of approximately \$6.1 million including (1) reducing 10 beds at Napa State Hospital affecting 20 clients, (2) reducing skilled nursing beds by 17 affecting 26 clients, (3) eliminating the Offender Programs at the Center for Special Problems which would affect 350 persons, and (4) reduction in Federal grant funding of \$3.2 million that funded 12 community based organizations that provided a variety of substance abuse services to approximately 781 persons. The Mayor's Office reports that \$300,000 in Asset Forfeiture Funds would be used to fund one-month of services at the 12 community based organizations while DPH seeks additional Federal funding for these substance abuse services.

The Budget Committee recommends total reductions of \$34,612 to this budget and reserving \$1,588,347 for Forensic medical and psychiatric services pending submission of a detailed budget.

Also, the Committee has identified funds to maintain the Center for Special Problems for six months of operation (\$400,000 that will be funded from the Police Department budget, see page 14) and to maintain operations for Community

Substance Abuse programs for one month, while additional funding is sought from Federal sources.

TRIAL COURTS

The Superior and Municipal Courts have been in the process of combining their operations for the last few years pursuant to State requirements to achieve savings in administrative functions. For 1994-95, the Superior and Municipal Courts have a combined budget under City Department number 11 (currently Municipal Court), renamed Trial Courts (Department number 10 - Superior Court is not being used).

The Trial Courts' proposed 1994-95 budget of \$47,647,310 is \$2,302,154 more than the sum of the original 1993-94 budgets for the Superior and Municipal Courts of \$45,345,156. The major factor in the \$2,302,154 increase is an approximately \$2,385,000 increase in the budget for contracting for defense attorneys when the Public Defender cannot defend indigent defendants because of conflicts. Other significant changes include (a) an increase of approximately \$424,000 for the Federally-funded Family Support Bureau, (b) an increase of approximately \$261,000 for the State-funded Automation Project and (c) a reduction in operations of the Trial Courts of approximately \$767,000.

The Trial Courts are requesting eleven new positions including eight Deputy Clerk positions for the Municipal Courts, two revenue producing half-time positions for the Small Claims Court and one Judicial Clerk Senior to effect a transfer from the Juvenile Probation budget of the clerical position that supports the Traffic Hearing Officer (the Traffic Hearing Officer was transferred from Juvenile Probation to the Trial Courts several years ago). The Budget Committee recommends denial of eight new Deputy Clerk positions and recommends approval of the two half-time revenue producing positions. The Budget Committee

also recommends approval of the Judicial Clerk Senior position and the corresponding elimination of the existing position in the Juvenile Probation budget.

The Budget Committee recommends a total of \$605,039 in various reductions to the proposed 1994-95 budget of the Trial Courts.

POLICE DEPARTMENT

Voter approval of Proposition D has mandated a full Uniform staffing level of 1,971 by the end of Fiscal Year 1994-95. The Police Department currently has 1,841 sworn personnel, including 44 entry level police officer trainees in the Police Academy, and an additional 25 "lateral transfers" hired in May, 1994. The Department originally planned to hire an additional 30 lateral transfers in June, 1994.

For 1994-95, the Department also intends to hire 30 lateral transfers and 135 trainees during 1994-95 at a cost of approximately \$2.4 million in 1994-95 for partial year funding of salaries and fringe benefits.

The Senior Escort Program has been restored to the Police Department budget for 1994-95. The Program is funded to support a total staff of 23, including a Director, a Senior Crime Prevention Worker and 21 Crime Prevention Workers.

The Budget Analyst recommended total reductions to the Police Department budget during our Zero Base budget review of \$4.1 million. The Mayor's Office implemented \$3.65 million of these recommended reductions and reduced various non-personnel accounts by \$2.4 million.

The Budget Analyst has found that Police Overtime appears to be adequately funded for the first time in several years. Also, the Police Department's reduced Workers Compensation expenditures in recent years

support the reduction to the Workers Compensation appropriation. According to the Police Department, this reduced spending for Workers Compensation claims results from greater control over claims by the Department's Medical Liaison Unit, established in 1992-93.

Due to recruitment delays, the planned hiring of 30 lateral transfers in June, 1994 will not materialize. Six lateral transfers will be hired instead. The Budget Committee recommends that hiring of the 24 additional Police Officers be delayed until March 27, 1995. By rescheduling this aspect of the Department's hiring plan, the Police Department will be able to comply with Proposition D and save approximately \$1,008,783.

Also, I wish to acknowledge Police Chief Ribera's cooperation in rendering \$400,000 in overbudgeted premium pay for Police Officers as a source of funds for the continuation of operations of the Center for Special Problems for six months while additional funding is sought.

After expected attrition, the Police Department will have 1,971 Police Officers on June 30, 1995, although 135 will be new recruits in the Police Academy, as follows:

Existing Uniform Staffing (6/7/94).....	1,841
June, 1994 Lateral Transfers	6
New hires in 1994-95	189
Less expected 1994-95 attrition.....	(65)
Number of Police Officers, June, 1995.	1,971

FIRE DEPARTMENT

The Fire Department's proposed \$139,122,353 budget for 1994-95 is \$7,889,475 or 6.0 percent more than the original 1993-94 budget of \$131,232,878. The net increase from the revised 1993-94 budget is \$10,204,368. This approximately \$10.2 million increase is due primarily to increases in the salary accounts for uniformed Firefighters and Officers including approximately \$1.9 million to

recruit, hire and train 84 new Firefighters and \$7.1 million for salary standardization costs.

The proposed 1994-95 budget includes the reinstatement of nine H10 Chief's Aides positions that were deleted in the 1993-94 budget, deletes one Physician position and transfers a Civil Engineer position to the bond funded earthquake repairs program for a net increase of seven positions (the new Firefighters would fill existing positions). In order to comply with the Firefighters' MOU in 1993-94 that requires that all nine H10 Chief's Aides positions be staffed, the Fire Department has assigned Firefighters to nine positions of acting H10 Chief's Aides and has paid them the difference between their regular Firefighter's pay and Chief's Aide's pay from the Differential Pay account. Upon approval of the reinstatement of the nine positions in the 1994-95 budget the Fire Department will immediately fill the positions from a current list of Firefighters eligible for promotion to H10 Chief's Aide.

The Budget Committee recommends approval of the nine H10 Chief's Aide positions. The Budget Committee recommends total reductions in the Mayor's proposed 1994-95 budget for the Fire Department of \$183,735 including funding for one new position in the Controller's Office, Information Services Division to implement several computer projects for the Fire Department.

SHERIFF'S DEPARTMENT

The Sheriff's proposed \$52,148,238 budget for 1994-95 is \$1,719,788 or 3.2 percent less than the original 1993-94 budget of \$53,868,026. The net decrease from the revised 1993-94 budget to the Standardized budget is \$3,611,103 or 6.5 percent. The proposed budget assumes that the Sheriff's new jail facility will open in January, 1995. However, the facility, which is not finished, may not open on

schedule. In that case, this proposed budget would not reflect the Sheriff's actual expenditures.

The proposed budget includes various reductions resulting from the Zero-Based Budget Project and the elimination of rented jail beds in Alameda County for half the year. These reductions are offset by increases resulting from the opening of the Sheriff's new facility. The new facility will house 440 inmates, including some medical and psychiatric inmates. The opening of the new facility will enable the Department to terminate its contract with Alameda County for 245 jail beds.

The proposed FY 1994-95 budget includes the addition of 100 new positions to staff the Sheriff's new jail facility and other changes in positions resulting in a reduction of six positions, for a net increase of 94 positions in 1994-95. Because the new jail will require a full complement of personnel, 78 Deputy Recruits, one Senior Deputy Sheriff, seven Sergeants, four Lieutenants, one Captain, five civilians to replace sworn personnel in administrative posts, and four civilians to work in the new jail, have been added to the Sheriff's budget. However, due to the delay in opening of the new jail, funding for the 100 new positions has been decreased by the equivalent of 33.6 FTE positions resulting in a net increase of 62.4 FTE's including all changes in positions and position funding.

The most significant cost reduction measure included in the proposed budget is the inclusion of a Sheriff's Recruit/Technician. The use of Deputy Recruit/Technicians would reduce costs, since benefits for non-sworn personnel are substantially lower than benefits for sworn personnel. This new classification would be promoted to the Deputy Sheriff classification after 18 months, if they pass their probationary period. The creation of this new class is proposed only, and is not reflected in any Memoranda of Understanding, nor has it been approved by Human Resources. If this proposed new classification is not approved, Sheriff's

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total personnel costs would increase, because Deputy Sheriffs are more costly than Deputy Recruits.

The proposed budget also includes the civilianization of a number of previously sworn positions as recommended by the Budget Analyst's Zero-Base analysis. The proposed budget includes a reduction of \$300,000 in mandatory fringe benefits, because the previous budget included FICA-Medicare for all employees, rather than just those hired after 1986. This reduction is in conformance with the Budget Analyst's Zero-Based Budget recommendation.

JUVENILE PROBATION

The Juvenile Probation Department's proposed \$20,436,188 budget for 1994-95 is \$1,930,722 more than the original 1993-94 budget of \$18,505,466. Of the total proposed increase, Permanent Salaries accounts for \$702,714, of which \$691,889 reflects the Budget Committee's recommendation for approval of 24 new positions. Sixteen of these 24 positions will be assigned to the recently reopened Unit B4 at Juvenile Hall. The balance of the increase is primarily attributable to (1) \$520,423 for contract services for new repeat/violent offender programs, (2) \$318,673 for new State AB 799 funded contract programs, (3) \$132,341 for Workers Compensation and (4) \$108,579 for Temporary Salaries for Juvenile Hall. The Committee recommends reductions of \$107,848.

PUBLIC LIBRARY

The Library's proposed \$20.9 million budget for 1994-95 is approximately \$4 million, or 24.1 percent, more than the original 1993-94 budget of \$16.8 million. (The original 1993-94 Library budget provided for only six months of Branch Library services.) However, the net increase from the revised 1993-94 budget to the proposed budget is approximately \$54,000, or 0.3 percent. On June 7, 1994 the voters approved Proposition E, a Charter Amendment establishing a Library

Preservation Fund, which will receive \$0.25 of every \$100 in assessed valuation each year from 1994-95 through 2009-2010. Expenditure of the estimated \$13.9 million in Library Preservation Fund revenues that will become available to the Library in 1994-95 has not been included by the Mayor in the proposed 1994-95 Library budget, because Proposition E was approved by the voters after the Mayor submitted his proposed budget to the Board of Supervisors.

As previously noted, the recommended plan of the Budget Committee will provide the necessary funding to address Proposition E. Also, as previously noted, the Budget Committee, based on advice of the Controller, is recommending that the first \$4.0 million of the FY 1994-95 Library Preservation Fund allocation be applied to closing the funding gap in accordance with the Committee's budget balancing plan outlined above.

RECREATION AND PARK DEPARTMENT

The Budget Committee has recommended total reductions of \$431,515 from the proposed Recreation and Park Department budget. These reductions result from the elimination of new services and no reduction to current staffing or service levels.

ARTS

The Committee wants to reiterate our strong support for the Arts and the Arts Community in our city. We especially want to recognize the private citizens who have volunteered their time and resources to promote arts in San Francisco.

The city could never replace their contribution but we must continue to be a partner so that together we can ensure a vibrant cultural life in San Francisco. The Committee is recommending budgets to the Asian Arts Museum, Fine Arts Museum, War Memorial, Arts Commission, and the Academy of Sciences.

DEPARTMENT OF TRANSPORTATION (MUNICIPAL RAILWAY)

The Mayor's 1994-95 budget of \$271,370,624 is \$2,720,176 more than the 1993-94 budget of \$268,650,448. The major change in the budget is the reorganization due to the implementation of Proposition M which created the new Department of Transportation and its Commission. This reorganization resulted in the transfer of a total of 274 permanent positions from the Public Utilities Commission to the new Department of Transportation. The Mayor's budget deleted 30 existing positions and added nine new positions. The Budget Committee's recommended reductions of \$555,962 include the salaries and fringe benefits for eight permanent positions.

The Mayor's recommended budget does not contain funding for the City's legal obligation for its share of CalTrain operating expenses in accordance with the Peninsula Corridor Joint Powers Agreement, thereby resulting in an underbudgeting of \$3.1 million. The Budget Committee has addressed this underbudgeted expense, as well as addressing an anticipated State Transit Assistance funding reduction of \$2.1 million, in its budget balancing plan discussed previously.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services' proposed 1994-95 General Fund allocation of \$92.8 million is \$2.1 million more than the original 1993-94 General Fund allocation of \$90.7 million. The DSS budget includes a net increase of 33 positions that are 84 percent funded by State and Federal sources. However, as the result of deleting six existing positions, the department estimates that three layoffs will occur. The Budget Committee's recommended reductions total \$387,523, primarily as the result of adjusting budgeted expenditures for Foster Care aid payments and District Attorney work order funds which were

overbudgeted in the Mayor's proposed budget. This adjustment in Foster Care aid payments will not result in a decrease in service.

The recommended funding level for General Assistance aid payments is approximately \$50.8 million. This amount is \$4.1 million more than the original 1993-94 budget for aid payments of \$46.7 million, but \$1.6 million less than the revised 1993-94 budget of \$52.4 million for General Assistance.

EMPLOYEES RETIREMENT SYSTEM

The Employees Retirement System's proposed budget for 1994-95 of \$13,011,320 is \$1,033,595 more than the original 1993-94 budget of \$11,977,725. The increase is due primarily to \$1 million in new expenditures to implement a new Benefits Payment computer system to manage pension disbursements. The Budget Committee's recommended reductions total \$132,025, primarily as the result of deleting a vacant Securities Analyst position and reducing temporary salaries.

Workers Compensation costs are budgeted at \$26,192,149, or \$1,921,952 more than the original 1993-94 budget of \$24,270,197, and \$1,431,922 less than the revised 1993-94 budget of \$27,624,071.

PARKING AND TRAFFIC

The Committee recommends reductions of \$135,086 in the Department of Parking and Traffic's (DPT) budget including \$42,960 in permanent salaries, \$8,763 in corresponding fringe benefits and \$37,350 in equipment not justified by DPT. Additionally the Committee recommended reserves totaling \$724,049. \$345,306 is for outdoor premium pay currently in litigation and \$307,455 is for one-half of the salaries for 17 Parking Citation Hearing Officers. This salary is to be

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reserved until DPT submits its long term staffing analysis to the Budget Committee in accordance with the prior request of the Budget Committee.

ASSESSOR

The 1994-95 budget includes the addition of five Real Property Appraisers and five other positions to continue working on the current backlog of assessment appeals and to maximize property tax revenues by capturing all available property tax assessments. The Controller has certified additional revenues of approximately twice the cost of these additional positions. The Budget Committee recommends approval of these new positions, which were recommended by the Budget Analyst's Zero-Base analysis, on a limited tenure basis pending a report back to the Committee in six months as to increased revenues achieved by the Department. The Committee also recommends reductions of \$44,898.

TREASURER - TAX COLLECTOR

The 1994-95 budget includes the addition of nine new positions. The Department has identified areas where increased audits and more aggressive collection efforts could increase revenues. The Controller has certified additional revenues of approximately twice the cost of these additional positions. The Budget Committee recommends approval of these new positions, which were recommended by the Budget Analyst's Zero-Base analysis, on a limited tenure basis, pending a report back to the Committee in six months as to increased revenues achieved by the Department. The Committee also recommends reductions of \$141,881.

PUBLIC UTILITIES COMMISSION (PUC)

The Mayor's 1994-95 budget of \$16,046,491 is \$23,971,762 less than the 1993-94 budget of \$40,018,253. The major change in the budget is the reorganization due to

the implementation of Proposition M which created the new Department of Transportation and its Commission. This reorganization resulted in transfer of a total of 292 permanent positions from the Public Utilities Commission to the new Department of Transportation and to the Water Department. The Budget Committee has recommended reductions in the amount of \$214,288.

WATER DEPARTMENT

The Committee recommends total reductions of \$1,671,308 in the Department's budget, including \$107,563 in Personnel Costs, \$5,000 in Professional Services, \$3,033 in Travel, \$129,247 in Other Non-Personal Services, \$146,682 in Equipment, \$170,388 in Services of Other Department and \$1,109,395 for Light, Heat and Power charges. The Committee also recommends reserving funding in the amount of \$355,906 associated with recommendation from the recent management audit by the Budget Analyst of the Water Department including \$34,191 related to the deletion of two water Services Clerks, \$44,580 related to the downward substitution of four Meter Readers and four Water Service Inspectors, \$52,135 related to the deletion of two Automotive Machinists and one Automotive Service Worker, \$25,000 related to the implementation of an inventory control system for auto parts and supplies, and \$200,000 related to the establishment of a Pleasanton Lands Project Advisory Committee that is to be established in order to develop a plan to dispose of the property.

The Water Department's proposed budget, as recommended by the Mayor, as well as the Budget Committee's recommendations, primarily result from implementation of the Budget Analyst's recently completed management audit of the Water Department.

AIRPORT

For Fiscal Year 1994-95, the Mayor's budget for the Airport has a net increase of 42 permanent positions, from 1,161 to 1,203. The number of funded full-time equivalent positions, increases by 62.1 from 1,083.1 in FY 1993-94 to 1,145.2 in FY 1994-95. The Airport began implementing its Master Plan, which will result in the addition of major new facilities at the Airport including a new international terminal and a light rail system, in January of 1994. The Airport reports that 40 FTE positions of the net increase of 62.1 FTE in the Department's FY 1994-95 budget are due to the implementation of the Master Plan. The Budget Committee recommends reductions of \$471,911 in the Department's budget, and reserves of \$951,226.

PORT

For Fiscal Year 1994-95, the Port has a net reduction of 36 positions (44 deleted positions and eight new positions), from a total of 245 permanent positions to 209. The Port transmitted a letter to the Budget Committee dated June 23, 1994, providing detailed information on the status of the employees in the positions being deleted. Budgeted revenues for the Port decrease by a total of \$2,889,979, from \$37,107,725 in FY 1993-94 to \$34,217,746 in FY 1994-95, due to shipping line revenue losses. The Budget Committee recommends reductions of \$1,043,847 in the Department's budget, including \$41,142 in Overtime, \$8,023 in corresponding Mandatory Fringe Benefits, \$13,796 in Travel, \$15,000 in Equipment, and \$965,886 in Debt Service. The Debt Service reduction is due to the Port's refinancing its bond issues at a lower interest rate.

CAPITAL PROJECTS

The General Fund Capital and Facility Maintenance Projects proposed \$6,216,800 budget for 1994-95 is \$528,700 or 9.3 percent greater than the 1993-94 original budget of \$5,688,100. The Special Revenue Funded Capital and Facility Maintenance Projects proposed \$130.2 million budget is \$47.1 million or 26.5 percent less than the original 1993-94 budget of \$177.3 million. The Chief Administrative Officer has reanalyzed the capital budget resulting in the identification of \$1.5 million in additional General Fund budget savings which has been included in the Budget Committee's Plan to balance the 1994-95 budget. The Committee recommended a reduction of \$310,400 from the Special Revenue Fund - War Memorial which was to eliminate a project that would replace a drinking water chiller and related pumps and equipment in the Veterans building. This project will not be started this year.

REDEVELOPMENT AGENCY

Although not included in the City's regular FY 1994-95 budget, the Budget Committee also must review the Redevelopment Agency's budget.

The Budget Committee recommends net reductions of \$411,033 from the Redevelopment Agency's FY 1994-95 budget including \$18,158 associated with reclassifying a proposed Deputy Executive Director Economic Development position to a Chief of Economic Development position.

EXCLUSIONS

The budget data for the Unified School District and the Community College District are not included in the Budget Committee's recommendations on the 1994-95 budget because these budgets, by law, are not subject to either review or action by the Board of Supervisors. Also excluded from its recommendations are

Federal Community Development Block Grant funds and various other non-recurring grant programs which have not been included in the budget. These budgets and programs are all considered by the Board of Supervisors at other times of the year.

ACKNOWLEDGMENTS

The Chair of the Budget Committee would like to take this opportunity to express his appreciation to President Angela Alioto, Vice-Chair and Supervisor Sue Bierman, member of the Committee. I am grateful for their total commitment during the many hours of this budget review process in scrutinizing this complex budget and in achieving the \$14.0 million in budgetary reductions, without having any adverse impact on service levels. It was a job well done and I sincerely thank them for their efforts.

The Committee would also like to thank Budget Analyst Harvey Rose and his assistants Bill Courtright and Ken Bruce as well as the entire staff of the Budget Analyst's Office, Controller Ed Harrington, Chief Assistant Controller John Madden, and Susan Andrus and their staff from the Controller's Office, the Mayor's Budget Director Teresa Serata, Theresa Lee and their staff from the Mayor's Office and our Clerk Mary Red for their outstanding work and dedication. The legislative assistants to the Committee members also deserve recognition for their hard work. We therefore wish to thank Steve Kawa and Hawlan Ng from my Office, Reginald Smith and Jerry Windley from President Alioto's Office and June Gutfleisch and Tom Sapp from Supervisor Bierman's Office.

BOARD ACTION

The Budget Committee has conducted eight budget hearings and received testimony from over 250 members of the public and 54 City Departments. The Committee has worked tirelessly over the last few months to develop a responsible and prudent budget which will not diminish vital services to our people.

At the regular meeting of the Board of Supervisors on July 18, 1994, I will move that the budget, as amended in accordance with the recommendations of the Budget Committee, be adopted.



Tom Hsieh
Chair, Budget Committee

Budget Committee Recommended Reductions

Major Service Area and Department**Total Reductions****General Fund Amount****General Administration and Finance**

70 Chief Administrative Officer	\$5,648	\$900
93 Convention Facilities Management	2,152	
23 Children's Fund	4,517	
1 Board of Supervisors	80,164	80,164
3 City Attorney	25,366	25,366
8 Treasurer - Tax Collector	141,881	141,881
9 Controller	132,927	7,425
91 Purchaser	737,555	2,016
2 Assessor	44,898	44,898
78 Recorder	23,593	23,593
80 Registrar	95,134	95,134
29 City Planning	30,690	30,690
37 Permit Appeals	2,742	2,742
65 Rent Arbitration Board	21,590	
33 Human Resources	7,500	
44 Retirement System	132,025	12,915

Public Protection

11 Trial Courts	605,039	605,039
12 Juvenile Probation	107,848	107,848
63 Law Library	5,545	5,545
72 County Agriculture - Weights & Measures	1,200	1,200
74 Medical Examiner/Coroner	993	993
76 Animal Care and Control	38,295	38,295
79 Public Administrator/Guardian	2,510	2,510
44 District Attorney	72,473	30,700
6 Sheriff	115,764	115,764
13 Adult Probation	99,159	99,159
31 Fire	183,735	183,735
38 Police	1,008,783	1,008,783

Culture and Recreation

7 County Education Office	30,792	
46 War Memorial	37,575	
61 Fine Arts Museums	355,624	7,929
41 Public Library	13,566	13,566
42 Recreation and Park	431,515	431,515



Budget Committee Recommended Reductions

<u>Major Service Area and Department</u>	<u>Total Reductions</u>	<u>General Fund Amount</u>
<u>Public Works, Transportation and Commerce</u>		
90 Public Works	2,635,428	102,860
27 Airport	471,922	
39 Port	1,043,847	
36 Parking and Traffic	135,086	19,749
75 Electricity	178,758	3,000
40 Public Utilities Commission (PUC)	214,288	53,228
49 PUC Light, Heat and Power	20,778	
32 Hetch Hetchy Project	177,765	
47 Water	1,671,308	
35 Municipal Railway	555,962	207,222
San Francisco Redevelopment Agency	411,033	21,374
<u>Human Welfare</u>		
26 Commission on Aging	27,557	27,557
34 Human Rights Commission	88,785	2,799
48 Commission on the Status of Women		
45 Social Services	387,523	155,000
<u>Community Health</u>		
83 Public Health Central Office	116,464	116,003
85 Laguna Honda Hospital		
86 San Francisco General Hospital		
87 Community Mental Health Services	16,012	16,012
<u>General City Responsibilities/Capital Projects</u>		
97 General City Responsibilities	85,229	85,229
99 Capital Projects	<u>1,810,400</u>	<u>1,500,000</u>
Total Recommended Reductions	\$14,646,943	\$5,430,338

*Excluding the Redevelopment Agency, the reductions total \$14,057,073.

